

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 97-587

October 31, 1997

PUBLIC UTILITIES COMMISSION  
Inquiry into Rules Governing  
Bill Unbundling

NOTICE OF INQUIRY

WELCH; Chairman; NUGENT and HUNT; Commissioners

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## **I. SUMMARY**

In this Order, we initiate an inquiry to obtain comments on rules governing the requirements of electric utility bill unbundling.

## **II. BACKGROUND**

New legislation provides all Maine consumers with the right to purchase generation services directly from competitive providers beginning March 1, 2000.<sup>1</sup> As part of that process, bills will be "unbundled." Unbundling refers to identification and separate display of certain components of electric service (e.g. energy, generation, transmission and distribution) on consumers' bills. The Legislation requires bills to be unbundled beginning in 1999 so consumers can learn about their upcoming ability to choose to purchase generation in a competitive market. Electric utilities must issue bills that state the current cost of electric capacity and energy separately from transmission and distribution and other charges for electric service beginning January 1, 1999. In this proceeding, the Commission will also consider if charges other than generation, such as stranded costs, billing and metering, conservation and/or low income programs should also appear as separate line items on the bill. Electric utilities must file their bill unbundling proposal with the Commission by January 31, 1998.

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<sup>1</sup> On May 29, 1997, the Governor signed into public law, "An Act to Restructure the State's Electric Industry" (Act). P.L. 1997, ch. 316. The Act directs the Commission to adopt rules establishing requirements for bill unbundling by July 1, 1998. See 35-A M.R.S.A. § 3213(1).

### III. ISSUES FOR COMMENT

The Act directs the Commission to adopt rules establishing the unbundled bill format, including determining which components to unbundle, for electric utilities to use beginning January 1, 1999 until retail access begins on March 1, 2000. We will also establish market proxy prices and methodologies to estimate the cost of unbundled service components. To inform this effort, we invite interested persons to comment on the following issues in addition to any other issue they consider relevant to electric bill unbundling.

#### A. Rulemaking Principles

We have set forth below the broad parameters we have tentatively concluded should guide our rulemaking. Parties are invited to comment on whether these parameters are appropriate and whether other principles should guide us.

1. The rule should require that bill unbundling will not impact the amount charged to consumers for electric service under approved tariffed rates or special rate contracts.

2. The rule should require that electric bills unbundle each tariffed rate element, if applicable, including any applicable fuel and purchased power adjustments that are currently included in consumers' bills.

3. The rule should require utilities to separately show the cost of any unregulated service<sup>2</sup> provided to the consumer on a separate page.

4. To the extent the rule requires unbundling of elements other than energy and generation (e.g., transmission and distribution costs, stranded costs, billing and metering costs), the rule should continue to govern unbundling of those other elements following the implementation of retail access on March 1, 2000.

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<sup>2</sup> These are non-core services that the transmission and distribution utility may offer, but the charges are not set by any regulatory agency.

B. Issues to be Addressed: Unbundled Components

We seek comment on the following issues:

1. What is the purpose of bill unbundling? Is it to facilitate customers' understanding of the components of their bills that will become available from competitive suppliers or is it to articulate to customers what comprises their entire bill, irrespective of whether there's any choice regarding customers' liability for those portions of the bill?

2. Should the rule reflect a general policy to unbundle only those electric service components that consumers may purchase from competitive providers or have an option not to purchase from the utility? Please comment on whether this should be the policy that guides the unbundling effort. If an alternative policy should be adopted, please provide the rationale or identify the purpose of unbundling components that cannot be purchased from a competitive market or need not be purchased from a utility.

3. Should generation capacity and energy costs be separately stated?

4. In addition to unbundling electric generation capacity and energy costs, to what level of detail should electric utility bills also separate any other items? For example, should unbundling be very detailed and include transmission and distribution costs, metering and billing costs, stranded costs, unregulated service costs, conservation and low income program costs? Or, should unbundling be less detailed and perhaps include only conservation and low-income program costs in addition to generation and energy. Please list which items the commenter recommends unbundling and explain why.

5. How should utilities unbundle services and facilities associated with providing street and area lighting?

6. Should utilities provide customers that have special rate contracts or take service under optional targeted tariffs with unbundled bills based on their special or targeted rate? In the alternative, would illustrative bills unbundled based on their standard core class rates suffice?

C. Issues to be Addressed: Charges for Unbundled Services

1. Upon what costs, prices and data should the Commission base charges to reflect the current cost of electric capacity and energy? Will this current cost require allocation

to time-of-use periods or to customer classes by use of a cost of service study? If so, what methodology should the rule establish to allocate these costs to time periods and to customer classes, and what allocation factors and billing determinants will your allocation methodology require?

2. Once established, should the unbundled costs be periodically revised to reflect changes in market prices? If so, by what procedure should unbundled rates be revised to reflect updated capacity and energy costs?

3. With respect to electric utilities with fuel and purchased power rate adjustments, how should these charges be unbundled?

4. If your response to Question B(4) above is that electric service components other than generation should be unbundled, what costs should each electric service reflect. Why? How should such costs be determined?

#### **IV. PARTICIPATION**

Interested persons may participate in this inquiry by filing a letter stating their interest no later than December 1, 1997. The letter should be addressed to Dennis L. Keschl, Administrative Director and reference Docket No. 97-587. Consistent with section 3213(1), electric utilities must file their proposals for bill unbundling by January 31, 1998. We request that utilities provide their responses to the issues raised in this inquiry at that time. Interested persons should also file substantive comments on the issues raised in this inquiry by January 31, 1998. All interested persons are requested to file responsive comments to the positions of other interested persons by March 1, 1998. We will proceed with a formal rulemaking after reviewing the comments and proposals of parties. We must adopt a final rule by July 1, 1998. Utilities will likely be required to submit their unbundling filings in compliance with the Rule by September 1, 1998, with the Commission approving the filing shortly thereafter.

Accordingly, we

#### **O R D E R**

1. That an inquiry shall be opened as described in the body of this Notice;
2. That this Notice shall be sent to all electric utilities in the State of Maine; and

3. That this Notice shall be sent to the service list of electric restructuring, Docket No. 95-462.

Dated at Augusta, Maine, this 31st day of October, 1997.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Hunt